

Energy Efficiency

Science, Technology and Telecommunications
Committee

July 19, 2010



EUEA Requirements:

5% by 2014

10% by 2020

Energy Efficiency Programs

Residential

Residential Lighting

Refrigerator-Recycling

ENERGY STAR®
Home

Low Income Lighting
& Refrigerators

Commercial

PNM Self Direct

Commercial

Comprehensive

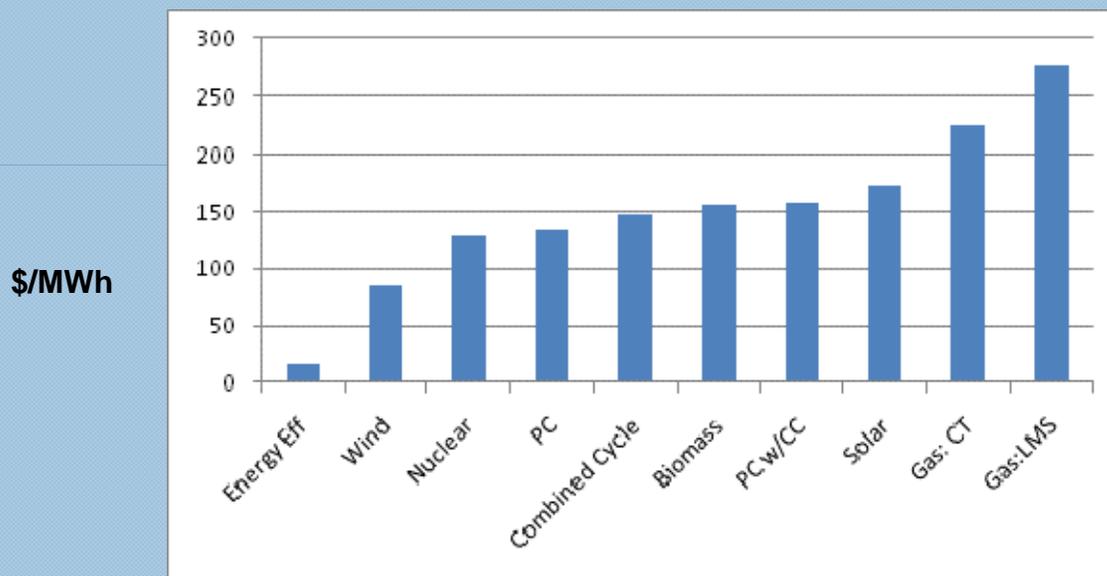
- Building Efficiency Standards
- Retrofit Rebate
- Quick Saver

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Energy Efficiency is the least cost resource



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Traditional utility regulation provides strong disincentives for EE



There are regulatory disincentives utilities face to investing in energy efficiency programs inherent in traditional utility rate making

Utility revenues and profits are linked to sales (kW, kWh, Terms, etc.)

Loss of sales due to successful implementation of energy efficiency will lower utility profitability

Efficient Use of Energy Act (EUEA) attempted to solve the problem



- Provide cost recovery for EE programs through tariff rider
- Remove regulatory disincentives to public utility development of cost-effective energy efficiency programs
- Provide public utilities an opportunity to earn a profit on cost effective EE that is “financially more attractive than supply side resources.”
- Establish energy savings goals:
 - 5% of 2005 retail kWh sales by 2014
 - 10% of 2005 43tail kWh sales by 2020

PNM customers have benefited while company revenues have fallen

Year	Total Program Costs \$(M)	Total Bill Savings for Customers \$(M)	Total GWh s/MWs saved ¹	PNM Lost revenue ² \$(M)
2008	\$8.0	\$3.1	35 GWh 48 MW	\$8.1
2009	\$12.1	\$6.5	39 GWh 59 MW	\$2.8
2010	\$16.4	\$11.8	52 GWh 84 MW	\$5.5
2011	\$19.1	\$19.7	58 GWh 91 MW	\$7.6
2012	?	?	64 GWh 97 MW	\$0 (?)
2013	?	?	78 GWh 100 MW	\$0 (?)
2014	?	?	85 GWh 101 MW	\$0 (?)

1. MW savings include demand response programs
2. Assumes PRC approval of decoupling proposal

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Observations

PNM programs have been a success for participating customers

Not a “sustainable business model”

EE least cost resource but costs of acquiring EE resources are increasing

Despite benefits, EE programs are increasingly opposed by consumer advocates and industrial consumers

Appendix

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2009/2010 Residential EE Programs

Residential Programs

Lighting Rebates: Encourages replacement of traditional incandescent light bulbs with energy efficient compact fluorescent bulbs (CFLS). Offers an instant discount on select CFLs at participating retail locations. This is an upstream incentive program.

Refrigerator Recycling: Offers a \$30 rebate and free removal and recycling of an old refrigerator or freezer.

School CFL Exchange: The Sierra Club and Interfaith Power and Light hold free CFL distribution events in conjunction with local school and community events.

Market Transformation: PNM conducts education and outreach events within the residential and business communities to increase adoption of energy efficient technologies.

PNM Power Saver: Participants agree to have a device connected to their exterior refrigerated air unit. It receives a signal from PNM to turn the compressor off for a few minutes each half-hour during the hottest summer weekday afternoons in order to help manage demand during peak times. It is not enacted on holidays or weekends, and activation will not last longer than four hours on any given day. Participants receive a \$25 check each year.

Low-Income CFL Installation and Refrigerator Replacement: PNM has partnered with the Mortgage Finance Authority (MFA) to provide low-income customers with energy efficient refrigerators and CFL bulbs to help decrease their overall energy costs.

Low-Income Easy Savings: This self-install program provides low-income residents with six CFLs and a low-flow showerhead. The program also includes energy efficiency education and tips to help manage their electric costs.

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2009/2010 Commercial EE Programs

Commercial Programs

New Construction Rebates: Business customers are eligible for incentives for completing new construction projects that are more energy efficient than what is required by New Mexico building code.

Retrofit Rebates: Business customers select options from a menu and receive a specific rebate per unit, or they can propose a system improvement that is not included on the pre-set menu that delivers verifiable savings. The custom incentives are calculated at 6¢ per estimated first-year kilowatt hour (kWh) savings.

Refrigerator Recycling: PNM offers business electric customers a rebate for each working 10- to 27-cubic foot refrigerator or freezer that is recycled

Small Business: This program provides small business customers, less than 100 kW demand, with an attractive, low cost option for directly installing energy saving measures.

PNM Peak Saver: Large commercial customers can receive quarterly incentives for allowing PNM to curtail or cycle specific end-use equipment during peak-demand days, typically the hottest days of the year.

PNM Power Saver: Small and medium-sized business customers with refrigerated air conditioning can enroll in this program – similar to the residential Power Saver program.

ENERGY STAR Homes: Homebuilders can receive a rebate for each ENERGY STAR-qualified home they build in a PNM service area. There are three rebate levels based on HERS Index energy ratings.